

JISC MEETING REPORT

JISC 40
19 May 2017

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Report

Joint Implementation Supervisory Committee 40th Meeting

19 May 2017

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Management

Opening

The Secretariat opened the 40th Meeting of the Joint Implementation Supervisory Committee, thanking all outgoing and welcoming all incoming members. The new members of the JISC are Emil Calles from Venezuela, Volha Vasilevskaya from Bellarus, and Kyekyeku Oppong-Boadi from Ghana.

Despite a number of absentees, a quorum was found for the election of the new Chair. Albert

Williams was elected as JISC Chair. He is the Vanuatu Parliamentary Secretary and Special Envoy for Climate Change, and an experienced UNFCCC negotiator.

Gherghita Nicodim was elected as Vice Chair. She is a consultant at the Romanian Environment Ministry and a member of Romania's National Environmental Protection Agency.

2 Workplan

Accreditation of Independent Entities (IEs)

Update on CDM accreditation

Since 2 August 2016 JI has relied entirely on the CDM accreditation mechanism. The Secretariat will assess the situation regarding implementation of the decision on an annual basis and report its findings to the JISC.¹

By the end of April 2017, 11 CDM DOEs had been accredited as acting AIEs. However, as no project proposals, determinations or verifications were submitted between August 2016 and April 2017, none of the DOEs acting as AIEs performed any JI work.

The JISC members welcomed the continued availability of the services needed to ensure JI functionality and recommended that the process be retained for at least another year.

Issues concerning determination and verification reports

Status of JI projects

The Secretariat informed the JISC about the current status regarding JI projects.²

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The number of projects has remained unchanged since the 36th JISC Meeting in March 2016. There are currently 548 projects in Track 1 and an unchanged 51 in Track 2. The vast majority of projects in both tracks (210 or 60 percent, and 27 or 41 percent, respectively) are located in Ukraine.

Planning

Workplan for 2017

The Secretariat gave the JISC an overview of the workplan for the current year.³

The JISC had received no new mandates from the CMP and no activities are expected in connection with new projects. The annual review on implementation of joint use of the CDM accreditation mechanism was concluded at this meeting. The JISC's annual report to the CMP will be coordinated online. There is still work to be done on planning and organising the JISC side event at CMP 13 in Bonn. This could, however, also be coordinated online.

The Secretariat thus proposed that the JISC consider refraining from holding actual meetings this year and instead use online resources for consultations, coordination and approvals.

The JISC members agreed with the Secretariat's proposals. With regard to the JISC side event, one member suggested including all stakeholders involved in the JI process by, for

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example, holding a larger-scale panel discussion, and to win them over to sharing and using lessons learned from JI implementation. The same member also suggested intensifying contact with the RCCs who are currently more involved with CDM-related issues.

Another member put forward a procedural proposal to link the next JISC meeting with the next SB meeting. The proposal was accepted, but no date was actually set.

Management Plan 2018-2019 and Workplan 2017

The Secretariat presented the two-year management plan 2018-2019.⁴ The plan sets out the JISC's goals for the years 2018 and 2019 as well as the budget for the same period.

The underlying goal of the JISC is to secure the availability of the necessary infrastructure and capacities to ensure Parties can use them for as long as they need to. This is the JISC's main task in respect of its mandate from the CMP, and the JISC will continue to pursue it efficiently and cost-effectively.

The second goal involves promoting visibility of the lessons learned from JI activities. The JISC will thus continue to observe and support international negotiations, and will use all available input and advice in the development of implementing rules for Article 6 of the Paris Agreement.

As a general rule, it will be assumed that for the next two years no or very few Track 2 projects will be submitted, and that only minimal resources will be needed as a result. The Secretariat's SDM programme enables costs and resources to be shared by means of the combined mechanisms.

The planned budget for JI in 2018 and 2019 will be lower than for 2017. It will be reduced by USD 150,000 to USD 672,493 for each year. The budget for external experts was almost completely withdrawn and travel costs for experts will no longer be provided.

As the budget for JI will most likely not be replenished through project fees, the above-mentioned costs will reduce accordingly for each year. This will result in an anticipated budget of USD 2.3 million in 2019. Based on current annual operating costs, this means that JI can remain operational until approximately 2023.

One JISC member asked whether the SBI budget discussions had influenced the JISC budget in any way. The Secretariat replied that they had not. Another member mentioned the problem that JI does not actually serve the Paris Agreement, but rather the Kyoto Protocol, and asked if this had any implications when it comes to achieving the second goal. The Secretariat replied that the JISC could provide recommendations in its annual report for subsequent adoption by the CMP. Those recommendations could then be forwarded to the CMA.

Another member reminded the JISC that the revised JI Guidelines were not exactly easy to understand and asked whether it might be possible to develop a simplified version which reflects the slightly different situation under the Paris Agreement. The Secretariat proposed that this be included in the communications strategy, and to consider ways of describing the underlying idea of the revised JI Guidelines in more easy to understand terms. Bearing this in mind, another JISC member suggested intensifying stakeholder activities, for example by organising a JI Guidelines workshop.

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Guidance by the CMP

Outcomes from CMP 12

The Secretariat presented an overview of the JI-related outcomes of last year's CMP 12 and SBSTA 46.⁵

Decision 4/CMP.12 instructs the JISC to provide sufficient infrastructure and capacities to ensure that JI remains operational and, where necessary, to make the necessary changes to enable the mechanism's use. In addition, the JISC is to meet at least once a year. It may use online attendance and online consultations to comply. Online attendance counts when establishing a quorum and online meetings are seen as official meetings of the JISC.

Decision 5/CMP.12 ended the review of the JI Guidelines without the changes being approved.

The Secretariat then gave a brief overview of the status regarding negotiations on the opportunities for use of market mechanisms under Article 6 of the Paris Agreement. It remains unclear as to whether JI will play any future role.

A JISC member kicked off the discussion by asking what role the JISC might play in the further development of the Paris Agreement. One option, the member suggested, would be to use the JISC's established interaction with stakeholders to develop new approaches. The Secretariat replied that JISC input into the process played a key role in the management plan (see the plan) for the next two years.

One of the new members asked on what grounds the proposed revision of the JI Guidelines has been justified. The Secretariat explained that first and foremost, the revision involved merging the two tracks and assigning greater powers of oversight to the JISC. The revision was contained in the first mandate from the CMP. As the revision had not been approved, JI operations continued in accordance with the original JI Guidelines.

Yet another member asked about possible lessons learned from the JI process which might be useful in implementing NDCs. The Secretariat explained that JI is especially helpful in the post-Paris process because there were many lessons to be learned from its project-based interactions between countries with emission controls.

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Other Issues

Stakeholder Relations

No input had been received from process observers or stakeholders for this meeting.

Update on Carbon Market Developments

The Secretariat presented its regular update on developments in the carbon market.⁶

There are currently 40 national and 24 sub-national carbon pricing instruments in operation around the world. Together, these cover approximately 13 percent of global emissions at prices ranging from less than USD 1 to USD 131 per tonne.

In February 2017, the EU Commission, the EU Parliament and the EU Council agreed on the basics for the reform of the EU ETS for the fourth, post-21 phase. In future, annual emissions ceilings must be reduced by 2.3 and 2.4 percent respectively. Between two and five percent of emission certificates will no longer be issued free of charge and will be auctioned instead.

Chile plans to introduce an MRV system and a carbon tax in the near future. This will involve greater collaboration with the Pacific Alliance (Alianza del Pacifico) and also with Canada. Since 2014, Mexico's carbon tax has accrued revenues amounting to USD 1 billion. Mexico also intends to introduce a pilot emissions trading scheme in 2017 and have it fully operational as of 2018.

The introduction of a carbon tax in South Africa has been further delayed and is not now expected before 2018.

China's ETS will be introduced this year through the merging of seven existing regional schemes. South Korea's ETS is proving extremely successful and enjoys a high compliance rate despite the relatively high certificate price of approximately USD 15. An ETS cooperation agreement has been entered into with China.

To meet its NDC target, Singapore has announced that it will also introduce a carbon tax in 2019. The tax will cover the electricity and industry sectors.

Important progress has also been made at international level. Through the Kigali Amendment, the Montreal Protocol now also covers greenhouse gases. Full implementation of the Amendment would reduce global warming by half a degree by the end of this century. Also, the ICAO Carbon Offset and Reduction Scheme (CORSIA) has been approved and is designed to maintain emissions from international aviation at 2020 levels despite the sector's expected growth.

Next Meeting

No date was set for the next JISC meeting. The next physical meeting of the JISC will be held in 2018 directly after the SB meeting. All consultations on and coordination and approval of JISC issues in 2017 will be conducted online.

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<https://unfccc.events.azureedge.net/media/pdfs/12160225-0e02-4823-8536-45a37cebf866/92a5209d-fd55-4f78-8989-20f90c2ce3bb.pdf>